



[BILLING CODE: 4810-033-P]

DEPARTMENT OF THE TREASURY

Office of the Comptroller of the Currency

Agency Information Collection Activities: Company-Run Annual Stress Test Reporting Template and Documentation for Covered Institutions with Total Consolidated Assets of \$50 Billion or More under the Dodd-Frank Wall Street Reform and Consumer Protection Act

AGENCY: Office of the Comptroller of the Currency (OCC), Treasury.

ACTION: Notice.

SUMMARY: The OCC, as part of its continuing effort to reduce paperwork and respondent burden, invites the general public and other Federal agencies to comment on a revision to this information collection, as required by the Paperwork Reduction Act of 1995. An agency may not conduct or sponsor, and a respondent is not required to respond to, an information collection unless it displays a currently valid Office of Management and Budget (OMB) control number. Currently, the OCC is soliciting comment concerning a revision to a regulatory reporting requirement for national banks and Federal savings associations titled, “Company-Run Annual Stress Test Reporting Template and Documentation for Covered Institutions with Total Consolidated Assets of \$50 Billion or More under the Dodd-Frank Wall Street Reform and Consumer Protection Act.” The OCC is also giving notice that it has sent the collection to OMB for review.

DATES: Comments must be received by [Insert date 30 days from date of publication in FEDERAL REGISTER.]

ADDRESSES: Communications Division, Office of the Comptroller of the Currency, Mailstop 2-3, Attention: 1557-NEW, 400 7th St., SW, Washington, DC 20219. In addition, comments may be sent by fax to (202) 874-5274 or by electronic mail to regs.comments@occ.treas.gov. You may personally inspect and photocopy comments at the OCC, 400 7th St., SW, Washington, DC 20219. For security reasons, the OCC requires that visitors make an appointment to inspect comments. You may do so by calling (202) 874-4700. Upon arrival, visitors will be required to present valid government-issued photo identification and to submit to security screening in order to inspect and photocopy comments.

FOR FURTHER INFORMATION CONTACT: You can request additional information from Johnny Vilela or Mary H. Gottlieb, OCC Clearance Officers, (202) 649-5490, Legislative and Regulatory Activities Division, Office of the Comptroller of the Currency, 400 7th St., SW, Washington, DC 20219. In addition, copies of the templates and instructions referenced in this notice can be found on the OCC's Web site under News and Issuances (<http://www.occ.treas.gov/tools-forms/forms/bank-operations/stress-test-reporting.html>).

SUPPLEMENTARY INFORMATION:

The OCC is requesting comment on the following revision to an approved information collection:

Title: Company-Run Annual Stress Test Reporting Template and Documentation for Covered Institutions with Total Consolidated Assets of \$50 Billion or More under the Dodd-Frank Wall Street Reform and Consumer Protection Act.

OMB Control No.: Requesting new control number for portion of existing OMB Control No. 1557-0311 relating to Covered Institutions with Consolidated Assets of \$50 Billion or More. Collection previously approved under 1557-0311.

Description: Section 165(i)(2) of the Dodd-Frank Wall Street Reform and Consumer Protection Act¹ (Dodd-Frank Act) requires certain financial companies, including national banks and Federal savings associations, to conduct annual stress tests² and requires the primary financial regulatory agency³ of those financial companies to issue regulations implementing the stress test requirements.⁴ A national bank or Federal savings association is a “covered institution” and therefore subject to the stress test requirements if its total consolidated assets are more than \$10 billion. Under the OCC’s final rule implementing section 165(i)(2) of the Dodd-Frank Act, covered institutions are divided into two categories: covered institutions with total consolidated assets between \$10 and \$50 billion, and covered institutions with total consolidated assets over \$50 billion. In this notice, the OCC is soliciting comment concerning a revision to a regulatory reporting requirement for covered institutions with total consolidated assets over \$50 billion.

¹ Pub. L. 111-203, 124 Stat. 1376, July 2010.

² 12 U.S.C. 5365(i)(2)(A).

³ 12 U.S.C. 5301(12).

⁴ 12 U.S.C. 5365(i)(2)(C).

Under section 165(i)(2), a covered institution is required to submit to the Board of Governors of the Federal Reserve System (Board) and to its primary financial regulatory agency a report at such time, in such form, and containing such information as the primary financial regulatory agency may require.⁵ On October 9, 2012, the OCC published in the *Federal Register* a final rule implementing the section 165(i)(2) annual stress test requirement.⁶ This rule describes the reports and information collections required to meet the reporting requirements under section 165(i)(2). These information collections will be given confidential treatment (5 U.S.C. 552(b)(4)).

In 2012, the OCC first implemented the reporting templates referenced in the final rule. *See* 77 FR 49485 (August 16, 2012) and 77 FR 66663 (November 6, 2012). The OCC is now revising them as described below. On August 20, 2013, the OCC published notice of its intention to revise these templates. 77 FR 51272. No comments were received in response to the notice.

The OCC intends to use the data collected to assess the reasonableness of the stress test results of covered institutions and to provide forward-looking information to the OCC regarding a covered institution's capital adequacy. The OCC also may use the results of the stress tests to determine whether additional analytical techniques and exercises could be appropriate to identify, measure, and monitor risks at the covered institution. The stress test results are expected to support ongoing improvement in a covered institution's stress testing practices with respect to its internal assessments of capital adequacy and overall capital planning.

⁵ 12 U.S.C. 5365(i)(2)(B).

⁶ 77 FR 61238 (October 9, 2012).

The OCC recognizes that many covered institutions with total consolidated assets of \$50 billion or more are required to submit reports using the Comprehensive Capital Analysis and Review (CCAR) reporting form FR Y-14A.⁷ The OCC also recognizes the Board has modified the FR Y-14A, and, to the extent practical, the OCC will keep its reporting requirements consistent with the Board's FR Y-14A in order to minimize burden on covered institutions.⁸ Therefore, the OCC is revising its reporting requirements to remain consistent with the Board's FR Y-14A for covered institutions with total consolidated assets of \$50 billion or more.

Proposed Revisions to Reporting Templates for Institutions with \$50 Billion or More in Assets

The revisions to the DFAST-14A reporting templates consist of adding data items, deleting data items, and redefining existing data items. These changes will (1) provide additional information to greatly enhance the ability of the OCC to analyze the validity and integrity of firms' projections, (2) improve comparability across firms, and (3) increase consistency between the FR Y-14A reporting templates and DFAST-14A reporting templates. The OCC has conducted a thorough review of the changes and believes that the incremental burden of these changes is justified given the need for these data to properly conduct the OCC's supervisory responsibilities related to the stress testing.

⁷ <http://www.federalreserve.gov/reportforms>.

⁸ 78 FR 59934, September 30, 2013.

Summary Schedule

The OCC is making a number of changes to the Summary Schedule to better assess covered institutions' calculation of risk-weighted assets (RWA) and certain other items detailed below.

Risk Weighted Assets and Regulatory Capital Related to Basel III.

On July 9, 2013, the OCC approved a joint final rule that will revise and replace the OCC's risk-based and leverage capital requirements to be consistent with agreements reached by the Basel Committee on Banking Supervision in "Basel III: A Global Regulatory Framework for More Resilient Banks and Banking Systems" (Basel III).⁹ The revisions include implementation of a new definition of regulatory capital, a new common equity tier 1 minimum capital requirement, a higher minimum tier 1 capital requirement, and, for banking organizations subject to the Advanced Approaches capital rules, a supplementary leverage ratio that incorporates a broader set of exposures in the denominator measure. In addition, the rule will amend the methodologies for determining RWA and introduce disclosure requirements that would apply to top-tier banking organizations domiciled in the United States with \$50 billion or more in total assets.

Due to the timing of this proposal, the Dodd-Frank Act stress test, and the capital rulemaking, the OCC considered several options for the timing and scope of the proposal to collect information related to the proposed capital rulemaking. After careful

⁹ <http://www.occ.gov/news-issuances/news-releases/2013/nr-occ-2013-110.html>.

consideration of the various options, the OCC determined that the following revisions would enable the OCC to collect these data while minimizing the burden to the industry.

Revisions to Capital Worksheet.

To accommodate changes in the capital regime, the OCC proposed replacing the current Capital worksheet with three worksheets (General, Advanced Approaches, and Revised Capital worksheets). These proposed worksheets would have incorporated the items of the current Capital worksheet and added or revised items to collect projections depending on which capital regime is applicable to the covered institution at any given point in the projection horizon. However, the OCC has decided to reorganize the structure of the proposed capital worksheets by collapsing the General, Advanced Approaches, and Revised Capital worksheets into one Capital worksheet that allows respondents to submit capital projections according to all three capital rules, which are outlined in different sections of the worksheet.

Proposed Capital Worksheet.

On the Capital worksheet, the OCC is adding line items that collect detail on the additions and adjustments to tier 1 capital that result in the calculation of total risk-based capital under the general risk-based capital rules. The OCC is adding or revising line items to collect data consistent with the definition of tier 1 capital under the Advanced Approaches rule (12 CFR part 3, Appendix C). The OCC is also adding line items to collect detail on the adjustments to tier 1 capital and to collect other data elements consistent with the Basel III definition of capital. Finally, the OCC is also revising the

description of the item collecting data on taxes paid in previous years to refer to the current year, one year ago, and two years ago, instead of specific years.

Addition of RWA Worksheets.

To accommodate the eventual collection of RWA as outlined in the rulemakings, the OCC is adding two RWA worksheets: RWA General and RWA Advanced. The items in the two worksheets correspond to the general risk-based capital rules and Standardized and Advanced Approaches. The reporting requirements for these schedules are as follows:

1. All covered institutions are required to submit projections on the General worksheet for all projection quarters, where applicable. Covered institutions are required to complete the General RWA section for all projection quarters until the Standardized Approach becomes the applicable risk-based capital requirement. At that time (January 1, 2014 for Advanced Approaches institutions, January 1, 2015 for all other covered institutions) institutions will be required to report items in the Standardized Approach section. The Memoranda for Derivative Contracts section will collect notional principal amounts by type of derivative contracts for all quarters.
2. Covered institutions subject to market risk capital requirements are required to report items in the Market RWA section of the applicable RWA worksheet, using methodologies outlined in that rule.
3. Covered institutions that have exited parallel run prior to the beginning of DFAST 2014 will be required to submit projections on the Advanced Approaches RWA worksheet for all projection quarters.

4. Institutions that have exited parallel run and are subject to the Advanced Approaches rule are required to report items in the Advanced Approaches Credit Risk and Operational Risks sections for all quarters. These institutions will be required to report items in the Revised Advanced Approaches section for all applicable quarters and these institutions would still be required to complete the General RWA worksheet in order to calculate minimum risk-based capital requirements per the Advanced Approaches rule.

Proposed General RWA Worksheet.

The General RWA worksheet, which is composed of 72 items, will collect RWA as calculated under the general risk-based capital framework and the Standardized Approach, when applicable. The OCC is adding 3 items not included in the proposal to better capture certain information on Schedule RC-R of the Consolidated Reports of Condition and Income, which is used in the calculation of RWA under the Standardized Approach per the revised regulatory capital rule (July 2013).

Proposed Advanced RWA Worksheet.

The Advanced RWA worksheet, which will be composed of 81 items, will collect RWA projections as calculated under the Advanced Approaches rule. The OCC is adding 13 items not included in the proposal to capture additional information needed to calculate RWA for Advanced Approaches banks. Additional line items cover securitization exposures, balance sheet amounts and risk weights subject to the simplified supervisory formula approach (SSFA), supervisory formula approach (SFA), and 1250

percent risk weighting. The OCC is also adding line items to capture information on cleared transactions, repo-style transactions, and default fund contributions.

In addition to the above changes to the Capital worksheet, the OCC is making changes to several other worksheets in the Summary Schedule as described below.

Current Balance Sheet Worksheet.

On the Balance Sheet worksheet, the OCC is adding two items to the Securities section, three items to the Other Assets section, two items to the Deposits section, and two items to the Liabilities section to better align this schedule with other regulatory reports to provide better insight into historical behavior of respondents' assets and liabilities. In addition, the OCC is revising the definition of one item, accumulated other comprehensive income (AOCI), in the covered institution equity capital section. This item will now be estimated by all covered institutions using the conditions specified in the applicable macroeconomic scenario, rather than under the trading shock.

Securities Available-For-Sale (AFS) Market Shock Worksheet.

Consistent with the redefinition of AOCI in the Balance Sheet worksheet, the OCC is renaming this worksheet to Securities AFS OCI by Portfolio. This will collect quarterly projections of other comprehensive income (OCI) related to fair-value gains and losses on AFS securities that are based on the conditions specified in the applicable macroeconomic scenario.

PPNR Net Interest Income Worksheet.

On the PPNR Net Interest Income worksheet, the OCC is redefining the information collected in this worksheet to include all assets, including nonaccrual loans which were previously reported in the PPNR metrics worksheet. Covered institutions will be expected to include in the supporting documentation a breakout of the major categories of nonaccrual loans relevant to their own institution. The OCC is expanding the detail on covered institution's holdings of securities to better understand the underlying dynamics of securities balances and interest income by breaking out data items for Treasury and Agency debt, residential mortgage-backed securities issued by government agencies, and all other securities. Similarly, the OCC is redefining the information collected in this worksheet to include all liability balances and adding one item to capture other liabilities that fall outside the existing liability types reported. To reduce burden on reporting institutions, the existing breakout of commercial and industrial loans into small business loans and other loans will be collapsed into one item.

PPNR Metrics Worksheet.

Where applicable, the aforementioned changes to the PPNR Net Interest Income worksheet will also be reflected in the PPNR Metrics worksheet. In addition, the OCC will modify, delete, and add several items to better understand how PPNR projections compare to historical trends.

Finally, the OCC is adding four footnote items to allow the OCC to better assess covered institution PPNR projections. Outside of the worksheets named above, the OCC is making minor changes to the Balance Sheet, Retail Balance & Loss Projections, Securities OTTI Methodology, Securities OTTI by Portfolio, Securities AFS Market Shock, Securities Market Value Sources, OpRisk, and PPNR Projections worksheets.

RegCap Transitions Schedule (formerly Basel III Schedule)

The OCC is adding a line item to the Capital Composition worksheet to capture adjustments related to insurance underwriting subsidiaries and AOCI, which will enable more precise calculations of regulatory capital. The OCC is also revising the General and Advanced Approaches RWA worksheets to align with certain changes made to the Summary Schedule. Specifically, the OCC is adding to the General RWA worksheet a “RWA per Standardized Approach” section, which will collect credit RWA using methodologies under the revised Standardized Approach.

The OCC has decided to also make additional revisions to the proposed RegCap Transitions Schedule (labeled as the Basel III Schedule in the proposal). These additional revisions are being made to ensure consistency with the regulatory capital rules and include: (1) revising the AOCI calculator; (2) revising the 10 percent and 15 percent regulatory threshold deductions; (3) breaking out additional tier 1 capital deductions; (4) collecting data and calculations consistent with the final market risk rule; (5) revising the credit RWA calculation to reflect the market risk rule’s comprehensive risk measurement (CRM); (6) revising the credit RWA associated with credit valuation adjustment capital

charges; and (7) collecting data relevant to the tier 1 leverage ratio and supplementary leverage ratio.

Counterparty Schedule

The OCC is eliminating the aggregate worksheets EE Profile by Ratings and Credit Quality by Rating from the Counterparty Schedule and expanding the collection of the counterparty specific worksheets CP CVA by Top 200 CVA, EE Profile by CP, and Credit Quality by CP to capture the top counterparties that account for 95 percent of credit valuation adjustment (CVA). This expansion in scope is driven by the need to close the sometimes significant gap between the CVA of the top 200 counterparties and the covered institution's total CVA and to capture exposures to counterparties that are significantly large in other dimensions, but which are currently excluded from the top 200 by CVA. Additionally, the OCC is adding an additional worksheet that collects the top 20 counterparties by Securities Financing Transactions and Repo exposure to account for counterparty exposures other than derivatives. Finally, the OCC is adding columns on the worksheets of the template as appropriate to collect stressed counterparty data based on the Adverse and Severely Adverse scenarios as part of the stress testing process. In addition, the OCC is amending the scope of the respondents to the DFAST-14A CCR schedule and Trading and CCR worksheets of the DFAST-14A Summary schedule to include any company that the OCC may require to complete these schedules under 12 CFR 46.4.

Burden Estimates:

The OCC estimates the burden of this collection as follows:

Estimated Number of Respondents: 23.

Estimated Total Annual Burden: 14,319 hours.

The OCC recognizes that the Board has estimated 64,800 hours for bank holding companies to prepare the Summary, Counterparty credit risk, Basel III and Capital reporting schedules submitted for the FR Y-14. The OCC believes that the systems covered institutions use to prepare the FR Y-14 reporting templates will also be used to prepare the reporting templates described in this notice. Comments continue to be invited on:

(a) Whether the collection of information is necessary for the proper performance of the functions of the OCC, including whether the information has practical utility;

(b) The accuracy of the OCC's estimate of the burden of the collection of information;

(c) Ways to enhance the quality, utility, and clarity of the information to be collected;

(d) Ways to minimize the burden of the collection on respondents, including through the use of automated collection techniques or other forms of information technology; and

(e) Estimates of capital or start-up costs and costs of operation, maintenance, and purchase of services to provide information.

Dated: November 5, 2013.

Stuart Feldstein,
Director, Legislative and Regulatory Activities Division.

[FR Doc. 2013-26869 Filed 11/07/2013 at 8:45 am; Publication Date: 11/08/2013]